GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:247
ANSWERED ON:06.12.2001
CENTRAL PLAN ALLOCATION TO STATES
K. MURALEEDHARAN

Will the Minister of POWER be pleased to state:

(a) whether the Government have any proposal for a larger deduction from the Central Plan Allocation for States in the Power Sector due to the payment obligations; and

(b) if so, the details thereof?

Answer

THE MINISTER OF POWER (SHRI SURESH P. PRABHU)

(a) & (b) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) & (b) OF STARRED QUESTION NO. 247 TO BE ANSWERED IN THE L SABHA ON 06.12.2001 REGARDING CENTRAL PLAN ALLOCATION TO STATES.

(a) & (b) : A Conference of Chief Ministers/Power Ministers held inMarch 2001 under the Chairmanship of the Prime Minister noted that the large amount of dues owed by the State Electricity Boards to the CentralPublic Sector Undertakings (CPSUs) was a major impediment to power sector reforms and resolved that an Expert Group would be set up to recommend a one time settlement of all Power Sector past dues to CentralPublic Sector Undertakings (CPSUs) and dues from CPSUs to State Powerutilities. The Expert Group was set up under the Chairmanship of ShriMontek Singh Ahluwalia. The Group proposed a scheme of settlement of outstanding dues linked to a mechanism that would ensure payment of current dues in future. The recommendations of the Group, inter-alia, included securitisation of the outstanding dues through bonds issued by the respective State Governments. Regarding current billings, the Group has recommended regulation of supplies in case of default after 60 days from the date of billing and deduction from central transfer after 90 days from the date of billing.

A High Level Empowered Group of Chief Ministers` whichconsidered the recommendations accepted them with minor modifications.

The States are being pursued to sign a tripartite agreement forthe implementation of the scheme. The question of deductions from central resources transfers would arise only if there is a default after the scheme is operationalised.